



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 1/10/2003

GAIN Report #JA3501

## Japan

### Market Development Reports

#### Food Business Line

*Periodic Press Translations from ATO Tokyo*

**2003**

Approved by:

**Kevin Sage-EL, Deputy Director**

**ATO Tokyo**

Prepared by:

Akiko Matsuyoshi, Marketing Clerk

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**Report Highlights:** *Daiei* will sell two well-known American restaurant chains; *AEON* continues with plans for new large-scale supermarket outlets in Japan despite the current economic climate; *Metro AG* opens its first outlet in Japan; The *Japan Food Service Association* announced on December 24 that total same store sales declined by 4.5 percent, marking 60 consecutive months of not achieving prior year sales levels; Japan's food service activity may not be fully accounted for using normal survey methods and; a study reveals that Japanese consumers over 50 years of age are most likely to use nutritional supplements.

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Includes PSD changes: No  
Includes Trade Matrix:  
Unscheduled Report  
Tokyo ATO [JA2], JA



## Food Business Line

Periodic Press Translations from ATO Tokyo

Vol II, Issue 23 December, 2002

### Retail/Wholesale

- *Daiei* plans to sell two American restaurant chain subsidiaries this year as part of its restructuring plan to improve its financial situation and concentrate on core business. Both *Wenco Japan Inc.*, an operator of "Wendy's" fast food chains and *Big Boy Japan Inc.*, an operator of "Big Boy" family restaurant chains will be sold to *Zensho Group*, a major *gyudon* beef-bowl chain. (a 12/2)
- *AEON* plans to open 13 large-scale supermarket outlets beginning in their current fiscal year and continuing through February 2004. It plans to open stores in major cities such as Sapporo, Sendai, Nagoya, Kyoto, and Hiroshima, as well as in the greater Tokyo metropolitan area. This will be the largest number of new openings for the firm since fiscal 2001. (b 12/3)
- German distribution giant *Metro AG* opened its first Japanese outlet in Chiba-city on December 4. The new *Metro Cash and Carry Japan*, is a joint venture of *Metro AG* and *Marubeni Corporation*. The new outlet is open only to members, conducting commercial and wholesale business. (b 12/7)
- According to the statistics compiled by the Japanese Ministry of Economy, Trade and Industry, total supermarket floor space nationwide is expected to fall for the first time since 1988. Almost 800,000 sq. meters of floor space, an equivalent of 16 Tokyo Dome baseball stadiums, is estimated to have vanished in 2002, due to closing outlets crippled by weak consumer spending and deflation. (a 12/27)

### Food Service

- On December 2, 2002, both pub restaurant chain operators, Tokyo-based *Daisho Corporation* and Nagoya-based *Eitaro Co., Ltd.*, announced that they have agreed to complete their merger activities by March 2003. The resulting new company is expected to tie with the second largest player in the pub dining industry in terms of sales. (b 12/3)
- The *Japan Food Service Association* announced on December 24 that total sales of its member companies increased by 1% in November compared to the same month last year on a total store basis (including new stores). However, sales declined by 4.5% on a same store basis, marking 60 consecutive months of not achieving the previous year's sales level. The decline is mainly the result of severe price competition among restaurant operators intensified by Japan's deflated economy. According to the *Food Service Industry Research Center*, industry sales peaked at 29.07 trillion yen in 1997, but shrank in the following four years, declining to 26.9 trillion yen in 2001. As part of the recovery process under the current economic conditions, the industry is undergoing structural reform. (a 12/25)

*ATO Comments: While an obvious example of the food service industry's structural reforms are company mergers and acquisitions, others are less obvious. There is also the increased number of value-added unique restaurants and the emerging Nakashoku market (take out food, including sozai side dishes). In the midst of the economic deflation, there is still a proliferation of new mid to high-class (but perhaps not traditional five-star restaurant price levels) restaurants*

*offering unique cuisines in fashionable atmosphere. The business activity for inexpensive quality meals under Nakashoku may not be completely captured as part of food service industry activity since a tremendous amount of these sales are increasingly generated from convenience stores, local supermarkets and depachika (department store basement food sales).*

### **Food Processing/New Products/Market Trends**

- The Japan's ruling Liberal Democratic Party agreed at the tax panel on December 12 that it will raise the taxes of a cigarette by one yen and *happoshu* (low-malt beer) and wine by 10 yen per 350 ml, as part of the fiscal 2003 tax reform. Tobacco products that currently sell for 250 yen (20 cigarettes per case) will be sold at 270 yen. *Happoshu* and wine will be price at approximately 47 yen and 51 yen. (a 12/12)
- The investigation conducted by the Japanese Ministry of Health, Labor, and Welfare on nutrition revealed that one out of four women and one out of six men took supplements in the form of tablets and drinks. Overall, the study showed people over 50 most preferred to take supplements. About 60% of all the people that took supplements replied that they took supplements on a daily basis. (a 12/12)

### **Food Safety/Consumer Awareness**

- *Maruetsu* supermarket admitted on December 25 that they had violated the Japan Agricultural Standard (JAS) by selling tuna containing vegetable oil as a 'non-additive' food product. The incident was revealed by the Japanese Ministry of Agriculture's on-site investigation. (a 12/26)
- The Japanese Ministry of Health, Labor, and Welfare (MHLW) announced on December 27 that Starlink corn was detected in the 1,200 tons of U.S. corn that arrived at Nagoya port. The MHLW plans to take further steps in accordance to the Japan's Food Sanitation Law. (a 12/28)

### **ATO/Cooperator/Competitor Activities/Trade Shows**

- No Significant Articles

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#### **Sources**

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|----------------------------------|---|
| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal        |
| (c) The Japan Food Journal       | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News          | (f) The Food Industry News              |

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